

INCOMING TELEGRAM

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Control:

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Rec'd:

SEPTEMBER 29, 1962

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FROM: BELGRADE

TO: Secretary of State

NO: 455, SEPTEMBER 29.

PRIORITY

POLICY

EMBTel 451

FOLLOWING IS VERBATIM TEXT BORBA SEPTEMBER 29 EDITORIAL  
ENTITLED "AN INCOMPREHENSIBLE ACT":

"OUR PUBLIC VERY SURPRISED TO HEAR ABOUT ADOPTION OF BILL IN  
CONGRESS ABOLISHING MOST-FAVORED-NATION CLAUSE IN TRADE BETWEEN  
UNITED STATES AND YUGOSLAVIA. NO FORMULATIONS ABOUT COUNTRIES  
CONTROLLED BY COMMUNISM AND SO ON CAN CONCEAL REAL MEANING  
OF NEW MOVE. THIS ACT IS DIRECT AGAINST YUGOSLAVIA AND AGAINST  
GOOD YUGOSLAV-AMERICAN RELATIONS."

"THE SURPRISE IS ALL THE GREATER BECAUSE THIS ACT OF DISCRIMI-  
NATION, BOTH ECONOMIC AND POLITICAL, COMES AS UNILATERAL MOVE,  
WITHOUT ANY REASON ON OUR PART BEING GIVEN FOR IT, AND IN SPITE OF  
YUGOSLAVIA'S EFFORTS TO EXPAND AND IMPROVE YUGOSLAV-AMERICAN  
RELATIONS."

"THE ACT OF THE AMERICAN CONGRESS IS EXTREMELY INCOMPREHENSIBLE  
TO US, FROM WHATEVER ASPECT OF PRACTICE OF INTERNATIONAL RELATIONS  
WE VIEW IT."

"LET US TAKE FIRST OF ALL HISTORICAL AND LEGAL ASPECT OF CASE.  
THE MOST-FAVORED-NATION CLAUSE IN TRADE BETWEEN THE TWO COUNTRIES  
WAS FIRST ESTABLISHED IN TREATY CONCLUDED BETWEEN SERBIA AND  
UNITED STATES AS LONG AGE AS 1881. THIS IS IN FACT OLDEST TREATY

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BETWEEN THE TWO COUNTRIES, AND ALSO ONE OF THE OLDEST TREATIES OF THIS KIND IN AMERICA'S RELATIONS GENERALLY. ON LEGAL MATTERS SERBIA WAS SUCCEEDED BY PREWAR YUGOSLAVIA WHICH WAS SUBSEQUENTLY SUCCEEDED BY THE F.P.R.Y. THEREFORE TRADE BETWEEN THE TWO COUNTRIES UNDER PROVISIONS OF TREATY HAS BEEN DEVELOPING FOR DECADES WITHOUT ANY DIFFICULTIES AND IN INTEREST OF BOTH COUNTRIES.

"HAS PERHAPS HISTORICAL AND LEGAL VALUE OF THIS TREATY AND ITS CLAUSE BECOME OBSOLETE AFTER EIGHT DECADES? OUR PRESENT PRACTICE OF YUGOSLAV-AMERICAN RELATIONS SHOWS HOWEVER NOT ONLY THAT TREATY HAS BEEN HISTORICALLY JUSTIFIED BUT ALSO THAT IT REMAINS USEFUL TO BOTH COUNTRIES EVEN TODAY.

"VOLUME OF YUGOSLAV EXPORTS TO UNITED STATES HAS ACHIEVED AN AVERAGE ANNUAL VALUE AMOUNTING TO OVER THIRTY MILLION DOLLARS. THE VALUE OF AMERICAN IMPORTS INTO YUGOSLAVIA HAS BEEN EVEN MORE SUBSTANTIAL IN RECENT YEARS. BOTH SIDES HAVE BEEN DEVELOPING THESE EXCHANGES ON BASIS OF MUTUAL MOST-FAVORED-NATION TREATMENT. THESE RESULTS AND THIS TREATMENT HAVE CREATED FIRM BASIS FOR FURTHER INCREASE IN VALUE OF MUTUAL EXCHANGES. PROSPECTS FOR THIS INCREASE ARE QUITE REALISTIC, AND MOST RESPONSIBLE STATESMEN OF BOTH YUGOSLAVIA AND UNITED STATES HAVE OFTEN STRESSED THIS FACT RECENTLY. "BUT WE CANNOT UNDERSTAND HOW OUR COOPERATION CAN BE FURTHER EXPANDED IF YUGOSLAVIA IS DENIED OPPORTUNITY TO EXPORT HER GOODS INTO UNITED STATES, THIS BEING IN FACT MOST DIRECT PRACTICAL CONSEQUENCE OF ABOLITION OF MOST-FAVORED-NATION CLAUSE. DIFFICULTIES CREATED IN CONNECTION WITH YUGOSLAV EXPORTS MUST OBVIOUSLY HAVE NEGATIVE CONSEQUENCES PRIMARILY ON MUTUAL TRADE RELATIONS OF THE TWO COUNTRIES, IN ADDITION, THIS WOULD MAKE IT MORE DIFFICULT FOR YUGOSLAVIA TO FULFILL HER INTERNATIONAL OBLIGATIONS, INCLUDING THOSE TOWARDS AMERICA HERSELF.

"THEREFORE, HISTORICALLY, LEGALLY, AND PRACTICALLY SPEAKING, THERE IS NO JUSTIFICATION FOR LATEST MOVE OF AMERICAN CONGRESS. IT OVERLOOKS HISTORY, AND THIS MAKES IT UNPRINCIPLED; IT IS ONE-SIDED.

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AND AS SUCH, ARBITRARY AND LEGALLY INDEFENSIBLE: AND FINALLY, IT IS SHORT-SIGHTED AND HARMFUL. IN A WORD, THIS ACT HAS ALL ATTRIBUTES OF ECONOMIC DISCRIMINATION, AND EVEN DISCRIMINATION OTHER THAN ECONOMIC.

"THIS DISCRIMINATORY ACT COMES AT TIME WHEN INTERNATIONAL STAGE IS PREGNANT WITH DIVISIONS, INEQUALITY AND FORCE, WHEN EVERY MOVE OF THE GREAT POWERS IS OF MAJOR SIGNIFICANCE, AND WHEN THEY ARE CALLED UPON SEEK POSITIVE MOVES FOR SETTLEMENT INTERNATIONAL RELATIONS.

"OF COURSE WE DO NOT DENY ANYONES RIGHT ADOPT FREELY ONE'S OWN VIEW AND STANDS, EVEN IF BURNED BY IDEOLOGICAL AND POLITICAL PREJUDICES. BUT WE TAKE VIEW THAT THERE CAN BE NO DISAGREEMENT WITH ANYONE AS TO THAT HAS FAVORABLE INFLUENCE ON BUILDING BETTER INTERNATIONAL RELATIONS AND WHAT HAS NEGATIVE INFLUENCE. WE TAKE VIEW ABOVE ALL THAT ACTS BASED ON POSITION OF DISCRIMINATION, FORCE, WEALTH, INEQUALITY, AND DISREGARD AND UNDERMINING OF INDEPENDENCE OF INDIVIDUAL COUNTRIES OR REGIONS OF WORLD, CANNOT CONTRIBUTE TOWARDS THIS AIM.

"AMERICA'S LEADING STATESMEN AND OFFICIALS OFTEN REFER TO CERTAIN FUNDAMENTAL PRINCIPLES OF DEMOCRATIC INTERNATIONAL RELATIONS. THIS PARTICULARLY REFERS TO QUESTION OF IMPORTANCE OF INDEPENDENCE EACH INDIVIDUAL COUNTRY, AND RIGHT OF EACH NATION MANAGE OWN AFFAIRS INDEPENDENTLY AND IN ITS BEST NATIONAL INTEREST. IN THIS CONNECTION WE ALSO HAVE IN MIND QUESTION OF RIGHT OF UNDERDEVELOPED COUNTRIES TO GET FOREIGN AID, AND THE DUTY AND INTEREST OF BETTER DEVELOPED, INDUSTRIAL COUNTRIES TO GRANT THE AID WITHOUT ANY DISCRIMINATION WHATSOEVER.

"IN LIGHT OF THIS, OUR PEOPLE AMAZED AND ALARMED BY ACT OF AMERICAN CONGRESS TOWARDS YUGOSLAVIA WHOSE INDEPENDENCE, ACHIEVED WITH GREAT DIFFICULTY, INDEPENDENT DEVELOPMENT AND POSITIVE ROLE IN WORLD HAVE OFTEN COMMANDED PUBLIC RECOGNITION ON PART OF THE MOST RESPONSIBLE STATESMEN OF UNITED STATES. INCIDENTALLY, OUR BILATERAL

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RELATIONS, DEVELOPING ON THESE FOUNDATIONS, HAVE BEEN STEADILY IMPROVING DURING PAST TEN YEARS.

"FROM POINT OF VIEW OF OUR PEOPLE, ACT OF AMERICAN CONGRESS REPRESENTS ATTACK ON PRESENT GOOD RELATIONS BETWEEN TWO COUNTRIES, RELATIONS WHICH HAVE GOOD PROSPECTS DEVELOPING EVEN FURTHER IN FUTURE.

"OF COURSE, IT IS UP TO AMERICAS RESPONSIBLE INSTITUTIONS TO DECIDE WHO WILL GET HELP AND IN WHAT WAY, BUT NO ONE HAS RIGHT TO APPLY DISCRIMINATORY MEASURES AGAINST OTHER COUNTRIES.

"OUR PEOPLE CANNOT UNDERSTAND WHO CAN BENEFIT BY THIS ACT OF ECONOMIC AND POLITICAL DISCRIMINATION. THIS BECOMES ALL THE MORE DIFFICULT TO UNDERSTAND BECAUSE EVEN RESPONSIBLE AMERICANS KNOW VERY WELL THAT BLOC-INSPIRED APPROACH TO MATTER MUST BE OUT OF QUESTION IN CASE OF YUGOSLAVIA WHOSE WHOLE INTERNATIONAL ACTIVITY IS INSPIRED AND GUIDED BY NON-BLOC CONSIDERATIONS. ON OTHER HAND, IT IS DIFFICULT FOR OUR PEOPLE TO UNDERSTAND THAT THERE IS STILL ANYONE WHO CAN RECKON WITH ELEMENTS OF PRESSURE AND BLACKMAIL WHEN YUGOSLAVIA IS IN QUESTION.

"IF INJUSTICE COMMITTED AGAINST YUGOSLAVIA BECOMES ALL THE MORE SERIOUS BECAUSE IT HAS BEEN DONE WITHOUT JUSTIFIED REASON OR MOTIVE, AS A RESPONSIBLE AMERICAN OFFICIAL STATED RECENTLY, THEN IT IS TO BE HOPED THAT SENSE OF REALITY AND COMMON SENSE WILL PREVAIL AND THAT IT WILL LEAD TO PRACTICAL MOVES IN THIS DIRECTION, FOR WHICH IN INTEREST OF GOOD RELATIONS, IT IS NEVER TOO LATE."

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